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WAR FOOD ADMINISTRATION
Office of Distribution
Washington 25, D. C.

May 1, 1944

GENERAL MEMORANDUM No. 24

To: Supervisors and Officers in Charge

From: Henry G. F. Hamann, Chief, Inspection and Grading Division,
Dairy and Poultry Branch

Subject: Reimbursement to Vendors Utilizing Services of Bonded and Licensed
Employees in Dairy Plants for Sampling and/or Supervision of Plant
Operation

U. S. DEPARTMENT OF AGRICULTURE
MAY 10 1944

Commodity Credit Corporation (formerly FSCC) purchase announcements covering dairy products, including dried whole and skim milk, evaporated and condensed milk, process cheese, Carter's Spread, butter oil, etc. contain, under the inspection clause, the following:

"The inspection fees and charges will be at the expense of CCC. However, in order to facilitate payment of vendor's invoices, such fees and charges shall be paid by the vendor but the CCC will reimburse the vendor for such part of the inspection fees and charges as are applicable to the product which is for delivery to CCC."

Accordingly, vendors are entitled to reimbursement for inspection costs in full on products delivered to CCC regardless whether service is performed by a bonded plant employee or a regular employee of the Division.

Reimbursement to firms utilizing the service of bonded and licensed plant employees for sampling or supervision of operations shall be on the basis of the hourly rate of the employee for the actual number of hours spent in performing the service. In addition, the 15% administrative overhead charged the firm shall be prorated on the number of carlots of product produced by the firm during the month. Since it is not likely that the sampler will know at the beginning of the period the exact number of carlots the firm will produce in a given month, the administrative charge may be estimated and any differences adjusted at the end of each month.

Resident bonded plant employees should be instructed to show on the sampling report the number of hours required to perform sampling and weighing, the hourly rate of salary, and the estimated prorata share of administrative overhead for each sampling report.

The offices issuing certificates covering samplings made by bonded plant employees shall show on the certificate under FEE, the word "Contract" instead of the amount. However, laboratory charges should be shown under FEE in the usual way. Under REMARKS or in the body of the certificate, indicate the number of hours required for performing service, prorata share of overhead, and the laboratory charges and indicate total of these charges as the amount to be reimbursed to the vendor.

In utilizing the services of bonded plant employees, it should be kept in mind that adequate supervision must be provided to give reasonable assurance that the work is handled properly. Under no circumstances will this Division authorize bonding and licensing employees of a firm that are in a managerial position. Supervisors should check to make certain that number of hours shown on sampling report is in accordance with time necessary to perform such work.

B- 386